

DRINKING WATER  
STATE REVOLVING FUND  
DRAFT INTENDED USE PLAN  
FOR THE  
STATE OF IOWA  
FISCAL YEAR 2007



Iowa Department of Natural Resources  
Environmental Services Division  
Amended September 19, 2006

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## ATTACHMENTS

<b>CHART 1</b>	<b>FY 07 INTENDED USE PLAN PROJECTS—SPECIFIC INFORMATION</b>
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## **I. INTRODUCTION**

The State of Iowa presents its **amended** Intended Use Plan (IUP) for all funds available in the Drinking Water State Revolving Fund (DWSRF) during State Fiscal Year (FY) 2007. This plan is based on anticipated use of existing construction and equity funds available in the DWSRF program for assisting drinking water systems in financing infrastructure improvement projects and maintaining compliance with Safe Drinking Water Act (the Act) requirements. The FY 2004 capitalization grant of \$15,244,700, received during FY 2005, the FY 2005 grant of \$15,212,400, received during FY 2006, and the FY 2006 grant of \$10,252,000 (not yet applied for) are anticipated to provide financing for projects shown in this IUP and to fund the identified set-asides.

## **II. DWSRF FUNDS**

This IUP is based upon the DWSRF allotment available to Iowa for federal fiscal year (FFY) 2006, the 2005 grant that was received during FY 2006, and on the FFY 2004 capitalization grant that was received during FY 2005. The State has applied for all capitalization grants available from appropriations made through FFY 2005, and has provided the required 20% match for these capitalization grants through bonds issued by the Iowa Finance Authority. The State intends to apply for the FFY 2006 capitalization grant prior to the end of FY2007.

Sources of funds for the DWSRF include the following:

- Capitalization grants, based on a federal formula, from the U.S. Environmental Protection Agency (EPA)
- Bonds issued to provide the state match, which is 20% of capitalization grants
- Bonds issued to leverage capitalization grants, if necessary
- Loan repayments and interest earned
- Loan fees

Chart 1 Part 5 shows a total loan need of **\$4,330M** for new FY 2007 projects. These projects will be funded through the Construction Fund and the Equity Fund.

## **III. FISCAL YEAR 2007 PROJECT PRIORITY LIST**

The management of the DWSRF program, including development of a project priority list for financing assistance, was developed according to Part 567 of the Iowa Administrative Code (IAC), Chapter 44. This **amended** IUP indicates the intent to provide funds to projects ranked in priority order according to scoring criteria contained in Chapter 44 of the IAC. Charts 1 and 2 constitute the State's project priority list.

Projects will be funded as ranked on the project priority list. If projects identified on the list are unable to proceed towards construction within the time limits required by EPA and Chapter 44 of the IAC, these projects may be placed on the contingency list or may be removed from the project priority list. Adjustment to the list of fundable projects will be made, if necessary, to assure that at least 15% of the project funds

are available to systems serving fewer than 10,000 persons as specified in Section 1452(a) (2) of the Act. Financing may be provided for up to 100% of project costs if the costs are eligible for funding based on engineering, environmental, and financial review and project readiness to proceed as described above.

A. UNFUNDED PRIOR YEAR'S PROJECTS

All projects from prior years that have not entered into a binding commitment are included in this IUP. Projects identified in this IUP for assistance in FY 2002, 2003, 2004, 2005, 2006, and 2007 are shown in Chart 1 Parts 1 and 2.

B. SEGMENTS OF PREVIOUSLY FUNDED PROJECTS

State rules provide that subsequent segments of a project which has previously received funding priority or assistance be placed on the project priority list with the original project score. There are no applications for segmented projects in FY 2007.

C. NEW PROJECTS

There were no new applications for FY 2007 construction loan assistance during this update period.

Only projects on Chart 1 are considered fundable and projected to receive financing in FY 2007. The priority rankings for the FY 2007 projects are shown in Chart 1, Part 5.

D. SUPPLEMENTAL FINANCING

Supplemental financing for projects listed in previously approved IUPs are added to the IUP as they are requested unless the additional funds will be used for improvements that would significantly change the scope of the project. Changes requiring additional environmental review are considered significant.

Supplemental loans will not be provided for changes that would lower the original score of the project to a point where the application is no longer competitive or is ineligible for funding. The city of **Melcher-Dallas** submitted a request for a supplemental loan during FY 2007; the loan is shown on Chart 1, Part 5.

E. PLANNING AND DESIGN LOANS

**Five** applications for planning and design loans were received by IFA during the past quarter. The applicants have indicated their intent to use a **combination of DWSRF, CDBG, and USDA** funds to permanently finance the construction of the project. These projects are listed on Chart 1, Part 5, but have not been assigned priority points or project numbers. The intent is to provide loan funds for planning and design to these systems at 0% interest for up to a three-year period. Following the three-year period, the system could incorporate the planning and design loan into permanent financing or pay off the loan.

F. SUMMARY OF CHART 1

Based on the assumptions previously stated for DWSRF funding, there are **ten** projects identified for loan assistance of **\$4,330M** in FY 2007 in addition to **42** projects requesting **\$52,306M** for FY 2002 through FY 2006 that have not yet signed financing agreements. The total need is **\$56,636M** for these **52** projects. These projects appear on Chart 1 by fiscal year.

#### G. CHART 2: INTENDED USE PLAN CONTINGENCY PROJECTS

In the event that projects identified for funding in the IUP do not attain readiness for a loan commitment by projected dates, these delayed projects may be bypassed. Other projects may be added to Chart 1 or Chart 2 to be funded based on the State's implementation rules for the DWSRF program (567 IAC 44). Applications in excess of available DWSRF assistance or unable to enter binding commitments within one year may be placed on the Contingency List (Chart 2) according to priority. There are **two** projects on the contingency list because they have indicated they do not expect to enter into binding commitments during FY 2007. These projects may be placed on the project priority list in the FY 2008 IUP.

### IV. LONG-TERM AND SHORT-TERM GOAL STATEMENTS

#### A. LONG-TERM GOALS

- Protect public health by ensuring that primary drinking water standards are met.
- Manage a perpetual program to provide financial assistance to communities and other eligible applicants for the purposes of constructing facilities to properly and adequately treat drinking water, to protect source water for drinking water systems, and to ensure that borrowers are able to provide safe drinking water at a reasonable cost for the foreseeable future.
- Ensure the long-term viability of existing and proposed water systems.
- Provide financial assistance by purchasing local obligations at below-market rates while assuring the perpetuity of the fund.
- Apply program requirements which are simple, understandable, applicable to all projects, and to the fullest extent possible are not burdensome to the recipients of assistance.
- Maintain mechanisms for funding the on-going administration of the program if federal funding is eliminated.

#### B. SHORT-TERM GOALS

- Provide financing to assist water systems in improving drinking water quality.

- Commit funds to fully finance as many borrowers as possible in accordance with the state scoring criteria, this IUP, staff resources, and available funding.
- Annually evaluate current demand to see if leveraging is necessary.
- Manage the DWSRF funds to maximize their use and impact through sound financial management.

## **V. INFORMATION ON THE DWSRF ACTIVITIES TO BE SUPPORTED**

### **A. ALLOCATION OF FUNDS**

Allocation of funds to eligible projects was based on a three-step process:

1. The amount of financial assistance needed for each application was estimated;
2. The sources and spending limits for all DWSRF funds were identified; and
3. The DWSRF funds were allocated among the projects, consistent with the financial assistance needed.

Information pertinent to each DWSRF project is contained in Chart 1.

### **B. SOURCES AND USES OF AVAILABLE DWSRF FUNDS**

Appendix A to this IUP illustrates the potential sources and uses of funds in the DWSRF for FY 2007. The project needs total in Chart 1 reflects all unfunded needs. As of this date, all pending requests and program administration needs can be met in FY 2007.

A decision to leverage can be made at the time of each bond sale and is based on current loan demand, anticipated loan needs and the benefit to the SRF fund.

### **C. DWSRF POLICIES**

#### **1. Loan Interest Rate**

Interest rates are established by taking into account factors including, but not limited to, the following:

- Interest rate cost of funds to the SRF;
- Availability of other SRF funds;
- Prevailing market interest rates of comparable non-SRF loans; and
- Long-term SRF viability.

Using those criteria, IFA has determined that the interest rate for DWSRF construction loans will be 3%. Interest rates for DWSRF planning and design loans will be 0% for up to three years.

## 2. Maximum Financing

There is no maximum financing amount.

## 3. Project Readiness

Applicants cannot be offered assistance until they meet program requirements. Based on the environmental reviews that have been conducted on funded projects to date, it is not anticipated that any of these projects will need to undergo the development of an Environmental Impact Statement (EIS).

## 4. Funding Limitations

Pending projects identified in this IUP exceed the funds currently available in the DWSRF program. As a result, if all the recipients listed in Chart 1, Parts 1, 2, 3, 4, and 5 were to enter into binding commitments and require full disbursement of funds during FY 2007, IFA would be expected to provide additional funds through the issuance of bonds and IDNR would need to apply for the 2007 capitalization grant and provide the required match to make up the difference. A transfer of CWSRF funds is possible, but the amount eligible for transfer would not be enough to make up the difference between the funds that are currently available and the amount needed to meet demand if all loans on Chart 1 were made prior to the end of FY 2007.

The IFA will only leverage if it is deemed necessary by consultations with EPA and the Department. If necessary, lowest priority projects on Chart 1 could be transferred to the contingency list, Chart 2.

## 5. Disadvantaged Communities

The Safe Drinking Water Act Amendments of 1996 allow states to provide an extended term for a loan to a disadvantaged community as long as the extended term does not terminate more than 30 years after project completion and the loan term does not exceed the expected design life of the project. The Act defines a disadvantaged community as the service area of a public water system that meets affordability criteria established after public review and comment. The DNR and IFA have jointly decided to establish disadvantaged community criteria as part of the IUP process to allow for public review and comment.

Community public water systems serving populations that contain a majority (51 percent) of Low to Moderate Income (LMI) persons will be considered disadvantaged for the purpose of the DWSRF loan program. Low to moderate income is defined as 80 percent of the median household income, calculated using the most recent federal census or income survey data. Privately owned community public water systems will be considered eligible for disadvantaged community status if an income survey indicates that the service area meets the LMI criteria. Rural water systems will be considered eligible for disadvantaged community status if an income survey indicates

that the area benefiting from the improvements meets the LMI criteria. Income surveys must be done according to the protocol specified by the Community Development Block Grant program.

Loans to disadvantaged communities are limited to public water supply infrastructure improvements. Projects eligible for funding from set-asides, such as source water protection projects, are not eligible in accordance with federal program requirements.

Only those portions of a project that have a design life or life cycle of at least 30 years are eligible for repayment schedules exceeding 20 years. The department will use the table of estimated useful lives from EPA's publication 816-R-03-016 to determine the length of the loan for eligible expenses. The consulting engineer for the project will be required to separate and itemize costs so that a weighted maturity may be calculated for loan repayment. The list of itemized costs and expected useful lives will be required prior to signing of the loan agreement. A sample calculation is contained in Appendix D.

Disadvantaged community assistance will not exceed 60 percent of the total dollars made available for infrastructure loans in each annual intended use plan. If more than 60 percent of the total infrastructure loan dollars are requested for disadvantaged community assistance, applications will be funded based on their priority points on a first come, first served basis. If a project is not able to enter into a binding commitment in a timely manner, it may be replaced with the next disadvantaged community project that is ready to proceed.

Using a financial model developed for the state, it is predicted that the impact of these loans over the next 10 years will be as follows: A minimum of \$40.2 would be available per year for loans assuming a \$10M capitalization grant until 2010 and then no further capitalization grants. Should capitalization grants continue beyond 2010, a minimum of \$46M would be available on an annual basis for loans.

#### D. INTENDED USE OF SET-ASIDES

##### 1. DWSRF Program Administration Set-Aside

Iowa intends to take this set-aside to pay the costs of administering the State Revolving Fund loan program in FY 07. This set-aside was taken in each of the fiscal years between 1999 and 2003, but was not taken in 2004 and 2005. It is anticipated that some reserved capacity from past years will also be taken in FY 07. Chart 1, Part 6 shows set-aside amounts and the balance of unspent funds for each year. Uses of these funds may include portfolio management, debt issuance, financial, management and legal consulting fees, an assessment of the project priority needs and ranking, costs for conducting public hearings and the proposed project list, project technical and environmental review, work on current and future needs surveys, project initiation conference costs, IFA review of credit worthiness and Department-related support services, and technical assistance.



Typically, the annual budgets for program administration have been less than the 4% allowed by the DWSRF for administrative costs. Increases in program costs and reductions in federal capitalization grants, however, will require the use of the reserve capacity from prior years.

Administrative funds will be used this year to fund the cost of IDNR and IFA staff working in the DWSRF program, along with associated equipment and expenses. Funds are also set aside to conduct an audit of the program if required, and to provide financial review for private borrowers of DWSRF funds.

Workplans for FY 07 show a demand for approximately \$1,006,300.

Unused commitments are reserved for use in future years as necessary.

## 2. Small System Technical Assistance Set-Aside

Iowa intends to use DWSRF funds equivalent to 2% of the federal capitalization grant funds to provide technical assistance to public water supplies serving populations of less than 10,000. The Department may contract with technical assistance providers possessing expertise in dealing with small systems, and contracts may utilize Department personnel and supplementary resources.

Chart 1, Part 7 shows FY 2001-2006 small systems technical set-aside amounts and the balance of unspent funds for each year. The annual budgets for technical assistance to small systems have been less than the 2% allowed for this program because state budget constraints for several years forced the Department to retain these funds in the event that they had to be used to fund the technical assistance activities of Department staff.

Funds from this set-aside will be used this year to provide technical assistance through the issuance of operation permits and monitoring reminders for public water systems serving populations of less than 10,000. Funds will also be used for equipment and expenses related to administering technical assistance contracts. Contracts have been signed for projects to provide on-site technical assistance to systems in need of capacity development, a value engineering project related to DWSRF projects, and workshops to provide assistance to small public water systems in developing their Consumer Confidence Reports. The Department plans to issue another request for proposals for technical assistance during FY 2007, and funds have been set aside for this purpose as well.

Workplans for FY 07 show a demand for approximately \$460,000.

Unused commitments are reserved for use in future years as necessary.

## 3. State Program Support Set-Aside

This set-aside was taken during FY 2001, but was not fully utilized because the requirement for state matching funds could not be met. With newly

implemented construction permitting fees in place as a source of state matching funds, it was anticipated that IDNR would be able to better utilize this set-aside, but spending has been slower than anticipated. The IDNR set aside \$175,000 in FY 2005 to investigate the source(s) of high bacterial counts along the Des Moines and Raccoon Rivers that act as source water for Des Moines Water Works. Information gained during the study will be used to identify source water protection strategies available to Des Moines Water Works as allowed by 1452(g)(2)(B). This project is now underway.

The department is in the process of contracting to provide financial support for the development of source water protection plans for four of the largest utilities (Cedar Rapids Water Department, Des Moines Water Works, Iowa City Water Department, and Rathbun Regional Water Association). This project is crucial in assisting the department in reaching state and federal source water protection goals and will require \$328,000 from the department. This amount will be matched one to one by the participating water systems, the Iowa Association of Water Agencies, and the U.S. Geological Survey.

The department is contracting with five counties to complete sanitary surveys, annual visits, and technical assistance for transient non-community public water supplies in 29 counties. This will require about \$76,500 from the department.

The department is also contracting for information technology services and assistance with upgrades to the safe drinking water act database and technical support for the electronic sanitary survey project.

Approximately \$1,765,000 will be needed to fund state program activities during FY 07. Fifty percent of this amount (\$882,500) will be funded from the capitalization grant and the remaining 50% will be funded from State sources.

Since the FY 04 and 05 capitalization grants have not yet been completely matched or drawn, the department does not intend to take additional funds during FY 07. The set-asides and balance of unspent funds are shown in Chart 1, Part 8.

Funds from this set-aside will be used this year to fund staff assisting with the administration of the Public Water Supply Supervision program, along with related equipment and expenses. Funds will also be used to provide technical assistance for well siting and hydrogeological services through the Iowa Geologic Survey.

Unused commitments are reserved for use in future years as necessary.

#### 4. Other Authorized Activities Set-Aside

Funding for ongoing assessments of sources constructed after 1997 will continue from this set-aside, as will funding of equipment and expenses related to the ongoing assessments. Additionally, staff will be funded by this set-aside to complete sanitary surveys as part of the existing systems capacity development strategy as allowed by Sec. 1452(k)(1)(B) of the

amended Safe Drinking Water Act. A source water coordinator position will also assist public water systems in implementing local protection plans as allowed by Sec. 1452(k)(1)(D). Two existing contracts for assisting community public water supplies in the development of wellhead protection plans are funded by this set aside.

The department plans to use \$366,600 to develop an interactive internet site for use by public water supplies, consultants, and the public pursuing local source water protection information, as allowed by Sec 1452(k)(1)(D) of the amended Safe Drinking Water Act. This project has been planned since 2003, but has not progressed as quickly as anticipated.

Draft workplans for FY 07 show a demand for funds from this set aside in the amount of approximately \$1,551,000, but it is expected that additional demand for source water protection loans may be forthcoming. Since the ability to fund this set-aside cannot be reserved from year to year, the department has taken the full 15% authorized by the last two capitalization grants. Five percent of the capitalization grants have been reserved for source water protection loans that have not materialized. If the funds are not allocated within three years, EPA may require them to revert to the Construction Fund.

Typically, the annual budgets for activities authorized in Sec. 1452(k)(2) have been less than the 10% allowed by EPA. During FY 06 and 07, however, a shift of program costs to this set-aside, increased resource needs and reductions in the annual federal capitalization grant have necessitated that the entire 10% be allocated. The balance of set asides is shown in Chart 1, Part 9. No more than ten percent of any capitalization grant will be spent on any of the activities listed in Sec. 1452(k)(2), as restricted by that section of the amended Safe Drinking Water Act.

#### E. PLAN FOR EFFICIENT AND TIMELY USE OF SRF FUNDS

As noted in V.C.4. above, the Department may need to leverage in FY 2007 because project needs exceed the funds available from the capitalization grants, state match funds, allowable transfers, and funds remaining. Applicants listed on Chart 1 have indicated their intent to utilize the DWSRF within FY 2007 and demand for these projects exceeds the funds currently available. Applicants who have indicated their intent to utilize the DWSRF after FY 2007 are listed on the contingency list to differentiate their project timelines and expected expenditure of funds.

The Department and IFA are committed to expending funds as quickly as possible within the constraints of project schedules.

## **F. TRANSFERS**

The Department and IFA transferred an amount equivalent to 33% of the 2004 and 2005 DWSRF capitalization grants (\$10.05M) from the CWSRF to the DWSRF during FY2006. These funds will be used for infrastructure loans. The Department and IFA also reserve the right to transfer 33% of the 2006 and 2007 DWSRF capitalization grants between the CWSRF and the DWSRF after capitalization grants have been awarded.

A transfer may be considered when the amount of available CWSRF funding exceeds the planned usage. Since the demand for DWSRF loans has exceeded the amount of the capitalization grants and state match, a transfer minimizes leveraging of the DWSRF and expends CWSRF funds in a timelier manner.

## **VI. ASSURANCES AND SPECIFIC PROPOSALS**

Iowa will provide the necessary assurances and certifications according to the Operating Agreement between the State of Iowa and the U.S. EPA. Iowa's Operating Agreement includes the requirements of the Safe Drinking Water Act, outlined below:

- **Environmental Reviews**  
The State of Iowa will conduct environmental reviews as specified in the Project Review procedures attached to the Operating Agreement and program rules as outlined in Chapter 44 of Part 567 of the Iowa Administrative Code.
- **Binding Commitments**  
The State of Iowa will enter into binding commitments for 120% of each quarterly payment for infrastructure projects within one year of receipt of that payment.
- **Expeditious and Timely Expenditures**  
The State of Iowa will expend all funds in the DWSRF in a timely and expeditious manner. The State of Iowa is committed to manage DWSRF projects and process disbursement requests expeditiously.

All projects and activities supported by federal grants are required to comply with certain federal laws and executive orders dealing with environmental and socio-economic criteria, commonly called "cross-cutters." The Department is required to assure that projects funded in an amount equal to the capitalization grant meet these cross-cutters. Iowa will meet the cross-cutter requirements using state technical review regulations and procedures outlined in Chapter 44 of the Iowa Administrative Code, Part 567.

## **VII. CRITERIA AND METHOD FOR DISTRIBUTION OF FUNDS**

The following approach was used to develop Iowa's proposed distribution of DWSRF funds: (1) analysis of the priority of communities applying and financial assistance needed; (2) identification of the sources and spending limits of available funds; (3) allocation of funds among projects; (4) development of a payment schedule which will provide for making timely binding commitments to the projects selected for

DWSRF assistance; and (5) development of a disbursement schedule to pay the project costs as incurred.

**A. PRIORITY OF COMMUNITIES AND FINANCIAL ASSISTANCE NEEDED**

Iowa law provides only for loan assistance. The state's DWSRF rules identify the priority rating system used to establish priorities for financial assistance. Charts 1 and 2 become the state's Project Priority List.

Projects are considered eligible for financial assistance for all planning and project costs providing the project is on the project list of an approved Intended Use Plan.

**B. ALLOCATION OF FUNDS AMONG PROJECTS**

All projects listed in Charts 1 and 2 are eligible for assistance and may be funded from the DWSRF subject to available funds.

All projects scheduled for funding with Iowa's DWSRF will be reviewed for consistency with the Safe Drinking Water Act, as amended. Should a project fail to meet this review criterion, it may be bypassed or deleted from the funding list. Chart 2 provides for contingency projects, which may be considered for assistance as bypass projects according to state rules without formal amendment of this IUP. Projects may be added to Chart 2 in priority order as applications are received.

**VIII. METHOD OF AMENDMENT OF THE INTENDED USE PLAN**

The State will follow this IUP in administering DWSRF funds in FY 2007. The IUP must be subjected to public review and comment. Any revisions of the goals, policies and method of distribution of funds must be addressed by a revision of the IUP, including public participation. Minor adjustments in funding schedules, loan amounts, and use of bypass provisions including funding of projects on the contingency list are allowed by the procedures of this IUP and state rules for administration of the DWSRF without public notification. Adjustments to Chart 1 to utilize actual funds available to the DWSRF for FY 2007 will be considered minor and only affected applicants will be notified. Public notice of amendments will be made if municipalities are added to or removed from Charts 1 or 2.

**IX. PUBLIC REVIEW AND COMMENT**

The Department of Natural Resources will hold a public hearing on **August 10, 2006 at 10:00 a.m.** at the Wallace State Office Building in Des Moines, Iowa to allow input to Iowa's FY 2007 Intended Use Plan and Project Priority List. The Department published notice of the hearing in the Des Moines Register on **July 6, 2006** and notified stakeholders by e-mail. The public comment period will close on **August 17, 2006**. Oral or written comments received will be addressed in a responsiveness summary.

## Chart 1: FY 2007 Intended Use Plan Projects – Specific Information

Chart 1 Part 1: FY02-03 Drinking Water Projects

Project Name Community Served	Project Number	Assistance Amount (\$1,000)	Binding Commitment Date	Construction Start Date	Initiate Operation Date	Priority Points	Type of Project
Dunlap	FS-43-02-DWSRF-012	152	06/07	03/07	12/07	55	B, C, E
IA-American Clinton	FS-23-02-DWSRF-062	411	12/06	09/04	06/05	15	D

Part 1 Total 563

A = Water Quality and Human Health Risk-Related Criteria, B = Infrastructure and Engineering-Related Improvement, C = Affordability Criteria, D = Special Category Improvements, E = Project Serves Population less than 10,000, F = Supplemental Loan for Previously Approved Project

Chart 1 Part 2: FY04 Drinking Water Projects

Project Name Community Served	Project Number	Assistance Amount (\$1,000)	Binding Commitment Date	Construction Start Date	Initiate Operation Date	Priority Points	Type of Project
Ottumwa	FS-90-04-DWSRF-017	4,857	12/06	09/05	06/07	60	B, C, D
Elma	FS-45-04-DWSRF-005	425	10/06	04/06	06/07	55	B, C, E
Riverton	FS-36-04-DWSRF-014	113	12/06	09/06	06/07	55	B, C, E
Burds Green Acres	FS-31-04-DWSRF-024	84	12/06	09/06	03/07	45	B, E

Part 2 Total 5,479

Chart 1 Part 3: FY05 Drinking Water Projects

Project Name Community Served	Project Number	Assistance Amount (\$1,000)	Binding Commitment Date	Construction Start Date	Initiate Operation Date	Priority Points	Type of Project
Clarinda	FS-73-05-DWSRF-009	4,000	12/06	09/05	06/07	85	A, B, E
Woodbine	FS-43-05-DWSRF-029	340	12/06	03/07	12/07	115	A, B, C, E
Iowa City Regency MHP	FS-52-05-DWSRF-014	527	12/06	09/06	06/07	110	A, B, D, E
Welton	FS-23-05-DWSRF-033	830	12/06	12/06	09/07	80	A, B, E, G
Ellsworth	FS-40-05-DWSRF-011	1,350	10/06	10/06	06/07	75	A, B, C, E
Lockridge	FS-51-05-DWSRF-026	149	10/06	10/06	06/07	55	B, C, E
Joice	FS-98-05-DWSRF-006	641	03/07	11/06	06/08	45	B, E
Deloit	FS-24-05-DWSRF-031	227	12/06	12/06	06/07	55	B, C, E
Keystone	FS-06-05-DWSRF-034	940	03/07	03/07	12/07	55	B, C, E
Merrill	FS-75-05-DWSRF-017	300	12/06	12/06	07/07	45	B, E
Willow Stream Estate HOA	FS-82-05-DWSRF-010	217	12/06	12/06	10/07	45	B, E
Crescent	FS-78-05-DWSRF-030	400	12/06	12/06	12/07	40	B, C, E
Lowden	FS-16-05-DWSRF-001	514	10/06	10/06	03/08	40	B, E
Walnut	FS-78-05-DWSRF-023	996	03/07	03/07	03/08	40	B, C, E
Martelle	FS-52-05-DWSRF-024	760	12/06	12/06	06/07	40	B, C, E
Grand Junction	FS-37-05-DWSRF-022	697	12/06	12/06	09/08	20	C, E

Part 3 Total      12,888

A = Water Quality and Human Health Risk-Related Criteria, B = Infrastructure and Engineering-Related Improvement, C = Affordability Criteria, D = Special Category Improvements, E = Project Serves Population less than 10,000, F = Supplemental Loan for Previously Approved Project, G = Planning and Design Loan

Chart 1 Part 4: FY06 Drinking Water Projects

Project Name Community Served	Project Number	Assistance Amount (\$1,000)	Binding Commitment Date	Construction Start Date	Initiate Operation Date	Priority Points	Type of Project
Bayard	FS-39-06-DWSRF-005	816	05/06	05/06	11/07	105	A, B, C, E
Sioux City	FS-97-06-DWSRF-007	6,000	04/06	05/06	11/07	75	A, B
Cambridge	FS-85-06-DWSRF-010	982	09/06	09/06	09/07	55	B, C, E
Chariton	FS-59-06-DWSRF-001	800	09/06	03/06	03/07	55	B, C, E
Delaware	FS-28-06-DWSRF-016	127	06/07	03/07	03/08	55	B, C, E
DeSoto	FS-25-06-DWSRF-017	788	06/07	03/07	03/08	55	B, C, E
Emerson	FS-65-06-DWSRF-014	571	06/07	03/07	03/08	55	B, C, E
Keosauqua	FS-89-06-DWSRF-008	350	12/06	09/06	03/07	55	B, C, E
Lenox Municipal Utilities	FS-87-06-DWSRF-011	400	03/07	03/07	12/07	55	B, C, E
Marengo	FS-48-06-DWSRF-012	2,560	03/07	03/07	03/08	55	B, C, E
Stacyville	FS-66-06-DWSRF-009	731	12/06	09/06	09/07	55	B, C, E
Breda	FS-14-02-DWSRF-048	100	10/06	11/04	11/06	50	F
Burlington	FS-29-06-DWSRF-006	3,200	05/06	03/06	09/07	45	B, C, G
Spirit Lake	FS-30-06-DWSRF-020	10,402	12/06	03/07	06/08	45	B, E
LeGrand	FS-64-06-DWSRF-013	198	03/07	03/07	03/08	40	B, C, E
Donahue	FS-82-06-DWSRF-004	800	10/06	04/07	04/07	30	B, E
Spirit Lake	FS-30-06-DWSRF-003	2,397	09/06	09/06	06/07	10	E
Park View Sanitary District	FS-82-06-DWSRF-018	1,650	07/06	NA	NA	10	E
Wyoming		100				NA	G
West Burlington		404				NA	G

Part 4 Total **33,376**

A = Water Quality and Human Health Risk-Related Criteria, B = Infrastructure and Engineering-Related Improvement, C = Affordability Criteria, D = Special Category Improvements, E = Project Serves Population less than 10,000, F = Supplemental Loan for Previously Approved Project, G = Planning and Design Loan



Chart 1 Part 5: FY07 Drinking Water Projects

Project Name Community Served	Project Number	Assistance Amount (\$1,000)	Binding Commitment Date	Construction Start Date	Initiate Operation Date	Priority Points	Type of Project
Shellsburg	FS-06-07-DWSRF-003	350	08/06	08/06	08/07	55	B, C, E
Glidden	FS-14-07-DWSRF-001	240	03/07	03/07	03/08	45	B, E
Winterset		196				NA	G
Fort Madison		1,344				NA	G
Melcher-Dallas	FS-63-05-DWSRF-020	350	09/05	06/06	12/06	55	F
City of Mystic		150				NA	G
Xenia RWD		175				NA	G
Xenia RWD		358				NA	G
Xenia RWD		250				NA	G
Xenia RWD		917				NA	G

Part 5 Total 4,330

A = Water Quality and Human Health Risk-Related Criteria, B = Infrastructure and Engineering-Related Improvement, C = Affordability Criteria, D = Special Category Improvements, E = Project Serves Population less than 10,000, F = Supplemental Loan for Previously Approved Project, G = Planning and Design Loan

Chart 1 Part 6: Program Administration Set-Aside

	Amount Set Aside (\$1,000)		Balance Remaining (\$1,000)
PGM-ADM (01)	491		281
PGM-ADM (02)	591		591
PGM-ADM (03)	587		587
PGM-ADM (04) from reserved capacity	390		390
PGM-ADM (06)	410		410

Part 6 Total 2,469 2,259

Chart 1 Part 7: Small Systems Technical Assistance Set-Aside

	Amount Set Aside (\$1,000)		Balance Remaining (\$1,000)
PGM-SSTA (03)	294		39
PGM-SSTA (04)	305		305
PGM-SSTA (05)	304		304
PGM-SSTA (06)	205		205

Part 7 Total 1,108 853

Chart 1 Part 8: State Program Set-Aside

Project Name Community Served	Amount Set Aside (\$1,000)		Balance Remaining (\$1,000)
PGM-PWSS (04)	1,442		660
PGM-PWSS (05)	1,520		1,520

Part 8 Total 2,962 2,180

Chart 1 Part 9: Other Authorized Activities Set-Aside

Project Name Community Served	Amount Set Aside (\$1,000)		Balance Remaining (\$1,000)
PGM-OAU (04)	2,286		1,894
PGM-OAU (05)	2,281		2,281
PGM-OAU (06)	1,537		1,537

Part 9 Total 6,104 5,712

**Chart 2: FY 2006 Intended Use Plan Contingency Projects – Specific Information**

Project Name Community Served	Project Number	Assistance Amount (\$1,000)	Binding Commitment Date	Construction Start Date	Initiate Operation Date	Priority Points	Type of Project
Early	FS-81-04-DWSRF-006	362	07/07	06/07	06/08	40	B, C, E
Panora	FS-39-04-DWSRF-026	2,065	07/07	07/07	12/07	30	B, E

Part 1 Total        **2,427**

A = Water Quality and Human Health Risk-Related Criteria, B = Infrastructure and Engineering-Related Improvement, C = Affordability Criteria, D = Special Category Improvements, E = Project Serves Population less than 10,000, F = Supplemental Loan for Previously Approved Project, G = Planning and Design Loan



## **APPENDIX A**

### **DWSRF FUND SOURCES AND USES**

**Estimated Sources and Uses  
For DWSRF Funding in FY 2007  
As of 6-30-2006**

**Funding Sources**

Funds Available in Equity and Loan Accounts	\$25,473,852
Available Balance under Existing Capitalization Grants	\$20,597,217
Funds Available through Leveraging	\$26,156,586
Federal Fiscal Year (FFY) 2006 Capitalization Grant	\$10,252,000
State Match for FFY 2006 Capitalization Grant	\$2,050,400
Equity Fund Interest Earnings during State Fiscal Year (SFY) 2007	\$382,273
Net Repayments on Equity Fund Loans during SFY 2007	\$1,679,637
Funds Released from Pledge of Indentures to Equity Fund (available for loans)	<u>\$4,356,566</u>
<b><i>Total Funding Sources</i></b>	<b>\$90,948,530</b>

**Funding Uses**

Undisbursed Amounts Committed to Existing Loans	\$19,242,530
Project Requests (assumes funding in FY 2007 of entire amount requested)	\$59,063,000
Program Administration and Set Asides	<u>\$12,643,000</u>
<b><i>Total Funding Uses</i></b>	<b>\$90,948,530</b>

## **APPENDIX B**

### **PROCEDURES TO DETERMINE PROJECT PRIORITY LIST**

Project rankings were determined by the following procedures:

- Eligibility of applications were determined by needs criteria identified in IAC 567—44.7(8). In general, most water source, treatment and distribution system improvements are considered eligible.
- Project applications received during the FY 2007 application period were considered for funding in FY 2007; if not funded by the end of FY 2007, these projects will be moved to the FY 2008 project priority list.
- The priority ranking is a total score developed using the scoring criteria listed in IAC 567—44.7(8). Points may be gained in each of five categories: Water Quality and Human Health Risk-Related Criteria (60 point maximum), Infrastructure and Engineering-Related Improvement Criteria (35 point maximum), Affordability Criteria (10 point maximum), Special Category Improvements (15 point maximum), and IDNR Adjustment Factor for Population (10 points). The combined score provides a numerical measure to rank each project within its pool. A project with a larger number receives higher priority.
- The final project priority list for a fiscal year's project pool is compiled in the following manner: Subsequent segments of projects funded by DWSRF loan programs of previous years will retain their original score and be added to the list of the current year's applications.
- Loan-eligible projects submitted will be placed on the IUP each calendar quarter. If the project is anticipated to proceed during FY 2007, the project will be added to the project priority list and the list will be made available for public comment at the end of each calendar quarter in which one or more projects are added to the list.
- Projects on the project priority list will be added to the contingency project list if the total amount of needs exceeds the year's DWSRF staff resources capability and loan funding or if it is known that the project will be unable to be funded during FY 2007. Projects will be funded from the top down in the ranking order of the project priority list with consideration given to readiness to proceed. Projects are ranked similarly in the contingency project list. Projects in the contingency list can be moved to the funding list when funds are available or when the project is ready to proceed. Funds can be made available due to a number of reasons including project bypasses, loan application withdrawal of other projects, reduction in loan amount requests, or an increase in available funds.

## APPENDIX C

### EXAMPLE WORKSHEET FOR CALCULATING WEIGHTED LOAN TERMS

Asset	Dollar Value	x Estimated Useful Life	= Extension
Intake Structure		40	
Wells	\$300,000	30	9,000,000
Galleries		35	
Chlorination Equipment	\$3,500	12.5	43,750
Other Treatment Equipment		12.5	
Storage Tanks		45	
Pumps		12.5	
Buildings		45	
Electrical Systems	\$85,000	8.5	722,500
Transmission Mains		37.5	
Distribution Pipes	\$190,000	37.5	7,125,000
Valves		37.5	
Blow-off Valves		37.5	
Backflow Prevention		37.5	
Meters		12.5	
Hydrants		50	
Lab Monitoring Equipment		6	
Landscaping/Grading		50	
Office Furniture/Supplies		10	
Computers		5	
Total	\$578,500	29.1	16,891,250

Dollar value spent on specified item x estimated useful life = extension

Total extension / total dollars spent = weighted useful life

In this example, the weighted useful life came to 29.1 years and the total project amount would be financed for 29 years.